



ENERGY ASSURANCE DAILY

Friday Evening, June 20, 2008

Major Developments

MIDWEST FLOODS UPDATE:

Three Mississippi River Levees Burst North of St. Louis, Missouri June 19 – Breaks Reduce Projected Flood Levels Down River

Three more Mississippi River levees broke north of St. Louis in Missouri's Lincoln County June 19, sending water toward the town of Foley and raising concern in Winfield, Missouri the Associated Press reports. The river was overflowing 90 percent of the levees in eastern Lincoln County, and at least four more breaks were expected early today, whereas elsewhere along the Mississippi river the National Weather Service significantly lowered crest predictions. A total of 32 levees have overtopped.

<http://www.hq.usace.army.mil/cepa/releases/FloodfightRelease20Jun.html>

<http://www.cnn.com/2008/US/weather/06/20/midwest.flooding.ap/index.html>

Update: Traffic on Upper Mississippi River Remains at Standstill

More than 100 barges are waiting for flood waters to recede so they can move products south on the Mississippi River. Because of the high water, the Army Corps of Engineers still has locks 15-25 closed along the upper Mississippi, an approximately 225-mile stretch between Illinois City, Ill., and Winfield, Mo., northwest of St. Louis

<http://ap.google.com/article/ALeqM5jxTH5VWPCbQR6HXrUinnJ92PCDTwD91E1AEO2>

Union Pacific Crews Continue to Repair Tracks and Restore Backlogged Trains

Union Pacific crews continue to work on the backlog of trains June 20 with improving eastbound and westbound operations. Union Pacific anticipates the remaining backlog to be cleared "over the coming days," with customers prepared to expect reduced delays on shipments moving through the Midwest area as repairs continue to tracks, yards and signal systems.

<http://www.uprr.com/customers/service/update.shtml>

Electricity

Thunderstorms Knock out Power to 31,000 Georgia Power Customers in Georgia June 19

At its peak, 31,000 Georgia Power customers were without power due to the June 19 afternoon thunderstorms in Georgia. Restoration crews are out working on the outage and a company representative predicts power should be restored by 8:00 PM EDT June 20.

<http://www.wtoctv.com/Global/story.asp?S=8528326>

<http://www.macon.com/149/story/383383.html>

SDG&E Seeks to Build 46 MW 'Quick-Start' Power Plant to Meet 2009 Summer Demand in California

San Diego Gas & Electric (SDG&E) has filed with the California Public Utilities Commission to build a new, efficient, 'quick-start' power plant, fueled by natural gas and designed to provide additional energy during times of peak energy demand beginning in summer 2009. The proposed new 46.5-megawatt power plant would be built in the San Diego area. SDG&E filed its application for the facility and is seeking expedited approval from state regulators, so the plant can be operational next summer.

http://public.sempra.com/newsreleases/viewpr.cfm?PR_ID=2282&Co_Short_Nm=SDGE

CAISO Issues Restriction Notice on Maintenance Operations in California Due to Heat Wave June 20

California's power grid operator, CAISO, restricted maintenance operations at power plants and transmission lines June 20 throughout California as hot weather boosted air conditioning demand. The restriction is in place through 23:59 PDT June 20. The restriction is one of the first steps the grid operator takes during a heat wave and does not indicate problems on the system.

<http://www.reuters.com/article/marketsNews/idUSN2046194620080620?sp=true>

CAISO Issued Alert, 06:28 AM PDT, June 20, 2008, <http://www.caiso.com/outlook/SystemStatus.html>

Update: OPG's 490 MW Coal-fired Unit 5 in Ontario Returns to Service June 20

The unit was shut June 16.

Reuters, 07:48 June 20, 2008

Update: Reliant's 320 MW Etiwanda Gas-fired Unit 4 in California Returns to Service by June 20

According to the California Independent System Operator, the unit experienced an unplanned outage by June 18.

<http://www.caiso.com/unitstatus/data/unitstatus200806191515.html>

Update: AES's 227 MW Huntington Beach Generating Station Unit 4 Gas-fired Unit in California Returns to Service by June 20

According to the California Independent System Operator, the unit experienced an unplanned outage by June 19.

<http://www.caiso.com/unitstatus/data/unitstatus200806191515.html>

Update: Duke's 336 MW Morro Bay Unit 4 Gas-fired Unit in California Returns to Service by June 20

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 291 MW by June 11.

<http://www.caiso.com/unitstatus/data/unitstatus200806191515.html>

Update: San Diego Gas & Electric's 566 MW Palomar Gas-fired Unit in California Returns to Service by June 20

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 319 MW by June 17.

<http://www.caiso.com/unitstatus/data/unitstatus200806191515.html>

Update: AES's 179 MW Redondo Gas-fired Unit 5 in California Returns to Service by June 20

According to the California Independent System Operator, the unit experienced an unplanned outage by June 18.

<http://www.caiso.com/unitstatus/data/unitstatus200806191515.html>

Petroleum

Heavy Oil Upgrading Construction Begins on Marathon's 102,000 b/d Detroit, Michigan Refinery June 20 – New Capacity Slated at 115,000 b/d

Marathon Oil announced that construction of the estimated \$1.9 billion heavy oil upgrading project at its Detroit refinery is underway following issuance of an air quality permit by the Michigan Department of Environmental Quality (MDEQ). The project will increase the refinery's total capacity from 102,000 b/d to 115,000 b/d, which will include an additional 80,000 bpd of heavy oil capacity. Completion is anticipated in late 2010.

<http://www.DetroitHOUP.com>

Explosion Reported at Commercial Fuel Distribution Center in California - Injures Three

According to Carlin County police, the explosion occurred at Haycock Petroleum's fuel distribution center while three employees were working with chemicals during the afternoon of June 17. The explosion triggered a small fire which was quickly extinguished. Three people were injured and taken to local hospitals.

<http://www.ksby.com/Global/story.asp?S=8521118>

High Gasoline Prices Curbing U.S. Consumption – Demand Drops 1 Percent From 2007

According to recent stories from NBC Nightly News and ABC World News, despite America's growing population, there are fewer cars on the roads for the first time in nearly two decades; Americans drove almost 4.5 billion fewer miles in April of 2008 as compared to one year ago. The Wall Street Journal (WSJ) has reported that high energy prices coupled with a weak economy is reining in U.S. gasoline consumption with Americans using 1% less gasoline than they did in 2007. The experts noted in the WSJ piece believe if oil prices stay near current levels, the decline in oil demand could be more sustained.

<http://online.wsj.com/article/SB121392646391690835.html?mod=DEN>

NBC Nightly News, June 19, 2008 **Video:** <http://www.msnbc.msn.com/id/3032619/#25268257>

ABC World News, June 19, 2008 **Video:** <http://abcnews.go.com/WN/Webcast>

China Raises Fuel Prices, Analysts Predict Global Oil Demand to Soften as Oil Prices Increase June 20

The Chinese government June 20 raised its base price for gasoline by 17% and diesel by 18%, a move that global oil traders concluded could diminish the country's growing need for fuel. The government controls domestic fuel prices by providing subsidized fuel for its citizens; a move that the U.S. government encouraged the Chinese government to stop saying the subsidies for fuel were keeping fuel prices artificially low and discouraging the Chinese from conserving or even reducing their use of gasoline, diesel and heating oil. Some analysts warn the move towards free-market fuel prices may have counter-intuitive side effects including raising demand in China as refineries can afford to produce more fuel to reduce fuel shortages currently existing in China. Oil prices initially dropped dramatically on the news that China was increasing prices, but recovered with worries that higher prices in China may initially lead to more production in China rather than curbing demand and with worries about a possible Israeli attack on Iran. Israel's successfully carried out a major military exercise last week many experts believe was a show of capability to take out Iran's nuclear facilities.

<http://online.wsj.com/article/SB121388580377088575.html?mod=DEN>

http://biz.yahoo.com/ap/080619/china_energy_prices.html?.v=10

<http://money.cnn.com/2008/06/20/markets/oil/index.htm?cnn=yes>

Pemex Reports 10 Percent Drop in May Oil Output Due to Cantarell Oil Field Decline

Mexico's state oil company Petroleos Mexicanos, Pemex, said its May oil output fell 10 percent from a year ago because of the faster than anticipated decline at Cantarell, its largest oil field. Mexico is the sixth largest oil producer in the world, according to EIA.

Bloomberg News, 12:02 June 20, 2008

<http://www.eia.doe.gov/emeu/cabs/Mexico/Oil.html>

Update: Leaky Pipe Identified at BP's 475,000 b/d Texas City, Texas Refinery June 19

A leaking pipe found early morning June 19 was identified in the refinery's Number 4 ultra former unit, which is part of the furnace. The leaked material was contained and fire fighting foam was used to mitigate vapors.

Bloomberg News, 18:13 June 19, 2008

Update: Shell Declares Force Majeure on Nigeria Bonga Exports for June and July after Militant Attack Halts Production June 20

According to a company representative, Shell declared force majeure on oil exports from its Bonga offshore field in Nigeria on Friday following an attack by militants. The force majeure, which frees the company from contractual obligations, covers Bonga shipments for June and July. Bonga crude shipments were scheduled to average 190,000 barrels a day in June and about 184,000 barrels a day in July, according to loading plans.

Reuters, 11:25 June 20, 2008

Bloomberg News, 11:11 June 20, 2008

Delek's 60,000 b/d Tyler, Texas Refinery Restarts Units Following Brief Power Outage June 18

According to a report first filed with state regulators, Delek is in the process of restarting units at its Tyler, Texas refinery after a brief power outage reported on June 18. Units which reported flaring included a crude unit and an alkylation unit.

Bloomberg News, 13:34 June 19, 2008

Reuters, 13:51 June 19, 2008

ConocoPhillips's 195,000 b/d Ponca City, Oklahoma Refinery Restarting Units Following Power Outage June 20

According to a company representative, ConocoPhillips is restarting some units that were affected by a power outage at its Ponca City, Oklahoma, refinery. The representative did not specify which units were affected.
Reuters, 12:38 June 20, 2008

Natural Gas

Nothing to report.

Other News

Nothing to report.

Energy Prices

U.S. Oil and Gas Prices June 20, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	134.92	134.86	68.50
NATURAL GAS Henry Hub \$/Million Btu	13.09	12.51	7.39

Source: Reuters

Energy Notes

U.S. Motorists Crossing Border into Mexico in Pursuit of its Subsidized Gasoline

Reuters, 16:24 June 19, 2008

Higher Than Expected Temperatures Suspected as Cause of Power Outages to 12,500 El Paso Electric Customers in West Texas and Southern New Mexico

<http://www.tradingmarkets.com/.site/news/Stock%20News/1697243/>

Transformer Failure Knocks Out Power to 10,000 Entergy Customers in Orange, Texas June 19

http://www.beaumontenterprise.com/site/news.cfm?newsid=19787810&BRD=2287&PAG=461&dept_id=512588&rft=6

EPA Issues Air Permit to Shell Oil for Drilling at Beaufort Sea Sites in Arctic

http://biz.yahoo.com/ap/080619/ak_beaufort_drilling.html?v=1

Man Charged After Shining Laser at Police Helicopter Escorting LNG Tanker in Boston Harbor, Massachusetts

http://news.bostonherald.com/business/general/view/2008_06_19_Feds:_Man_shines_laser_at_LNG_escort/srvc=home&position=recent

Sabotage to Iraqi Oil Pipelines Drops Sharply in 2008, Iraqi Oil Minister Reports

<http://ap.google.com/article/ALeqM5gkx-3oYeFwuWKCusr2jrojs98w8wD91DVTI80>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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